

NEED AND DEMAND ANALYSIS
FOR THE OCONEE OVERLOOK APARTMENTS
IN
JEFFERSON, GEORGIA

Application 2007-047

Prepared for the
Georgia Department of Community Affairs
Office of Affordable Housing

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TABLE OF CONTENTS

INTRODUCTION.....	Page 1
EXECUTIVE SUMMARY.	Page 2
PROJECT DESCRIPTION.	Page 5
SITE EVALUATION.	Page 7
MARKET AREA.....	Page 12
COMMUNITY DEMOGRAPHIC DATA.	Page 14
POPULATION TRENDS.	Page 14
AGE, SEX, AND RACE.	Page 16
HOUSEHOLD TRENDS.....	Page 17
TENURE.	Page 18
HOUSEHOLD SIZE.....	Page 19
HOUSEHOLD INCOME.	Page 20
RENTER HOUSEHOLD INCOME.....	Page 21
RESIDENTIAL CONSTRUCTION SINCE 1990.....	Page 22
EMPLOYMENT TRENDS.	Page 23
EMPLOYMENT BY INDUSTRY.....	Page 23
EMPLOYMENT BY INDUSTRY, PROJECT MARKET AREA.	Page 24
EMPLOYMENT OUTSIDE OF COUNTY.	Page 24
MAJOR INDUSTRIAL EMPLOYERS.	Page 25
LABOR FORCE AND EMPLOYMENT.	Page 27
PROJECT SPECIFIC DEMAND ANALYSIS.....	Page 28
INCOME RESTRICTIONS.....	Page 28
AFFORDABILITY.....	Page 31
NEW HOUSEHOLDS.....	Page 34
EXISTING HOUSEHOLDS.....	Page 34
DEMAND.....	Page 36
SUPPLY.	Page 36
CAPTURE RATES.....	Page 38
ABSORPTION RATES.	Page 38
SUPPLY ANALYSIS (COMPARABLE RENTAL DEVELOPMENTS).	Page 39
INTERVIEWS.....	Page 48
CONCLUSIONS AND RECOMMENDATIONS.	Page 49

ANALYST QUALIFICATIONS.....	Page 50
SIGNED STATEMENT.....	Page 51
GLOSSARY.....	Page 52
MARKET ANALYST CERTIFICATION AND CHECKLIST.....	Page 56

LIST OF TABLES

Table 1 - Population.	Page 14
Table 2 - Population Change.	Page 15
Table 3 - Age, Sex and Race.	Page 16
Table 4 - Population and Households..	Page 17
Table 5 - Tenure.	Page 18
Table 6 - Household Size, by Tenure.	Page 19
Table 7 - Household Income.	Page 20
Table 8 - Household Income, Renter Households.	Page 21
Table 9 - Residential Construction Since 1990.	Page 22
Table 10 - Employment Trends, Jackson County, 2003-2005	Page 23
Table 11 - Employment by Industry, Jefferson Market Area.	Page 24
Table 12 - Major Employers.	Page 25
Table 13 - Jackson County Labor Force and Employment.	Page 27
Table 14 - Income Limits.	Page 28
Table 15 - Maximum Housing Expense.	Page 29
Table 16 - Proposed Rents and Utility Allowances.	Page 30
Table 17 - Minimum Incomes Needed to Afford the Proposed Apartments.	Page 31
Table 18 - Qualifying Income Ranges.	Page 32
Table 19 - Household Income, Renter Households..	Page 33
Table 20 - Demand Calculations.	Page 35
Table 21 - Demand Calculations and Capture Rates.	Page 37

INTRODUCTION

This report presents the findings of an analysis of the need and demand for the Oconee Overlook Apartments in Jefferson, Georgia. A total of 64 units are to be developed: a mix of 12 one-bedroom units, 32 two-bedroom units, and 20 three-bedroom units. Of the total, 44 units will be targeted to households whose incomes qualify their apartments for tax credit status, and 20 units will be unrestricted, market-rate, units.

The study is based on data from official sources such as the United States Census and from other federal, state, and local sources. It should be noted that whereas Census data are necessarily relied on to a significant extent, more recent data are used where available at the appropriate geographic level, and assuming that the source is a reliable one. Where such data are employed, they are cited within the report.

The site of the proposed apartments was visited and the local apartment inventory inspected. In addition, interviews are held with persons with particular knowledge pertinent to the study.

This report is prepared for use as part of an application to the Georgia Department of Community Affairs for an allocation of 2007 low income housing tax credits. The contents and format of the report are prepared in accordance with that agency's guidelines.

The findings of this study are predicated upon the assumption that the proposed development will be located at the site described in the report, that it will be funded through the program under which it was prepared and within the stated projection period. Further, the findings are based on the assumption that once funded, the complex will be well-designed, well-marketed and professionally managed.

To the best of our knowledge, this report is an accurate representation of market conditions. While due care and professional housing market study techniques were used, no guarantee is made of the findings.

EXECUTIVE SUMMARY

The following provides a summary of the market analysis, and is based on the Georgia DCA market study guidelines.

The Jefferson area shows positive economic and population growth which suggest an ongoing demand for additional housing in the area.

Were the project to be built as proposed we would expect that it could experience a relatively long absorption period. Under these circumstances a 120 day absorption would not be unreasonable.

An absorption of 64 units over a 120 day period would suggest an average absorption of 16 units per month.

There are no comparable units in the primary market area - the closest such units would be those tax credit properties located in Commerce.

The proposed mix of rents, unit types, and unit sizes are considered appropriate for a new tax credit property in this community.

The interior and exterior amenities for the proposed development are typical of modern tax credit properties which allow those projects to compete with market rate properties. The appliance package is also appropriate.

Access from the site to major thoroughfares, and local services is quite good – given that the area is somewhat rural, with low density development. For example, the site is within three-fourths of one mile of a high school, and is within two and one half miles of a new shopping center.

The capture rates for the proposed development (the project overall, by target income group, and by bedroom type) meet Georgia DCA thresholds.

Our review of the capture rates for the proposed development suggest that the project is realistic, as proposed. Thus, in our opinion, the size of the project, the site location, and capture rates suggest that the project could expect to rent-up over a 120 day period, or so (given that the project is presumed to be placed in-service in the second quarter of the year - which is advantageous).

The following provides a brief summary of each of the major sections in the market analysis.

The proposed development will comprise the construction of 64 new units of low income housing tax credit financed housing.

The apartments are to be located on the southern side of the Winder Highway (Highway 11) southwest of Jefferson.

There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed apartments at its proposed location.

The market area for the proposed development is Jackson County, less than portion of the county which can be considered part of the Commerce market area. This area is therefore defined as Jackson County, less areas east of the North Oconee River.

Labor force and employment data for Jackson County show that labor force and employment have exhibited significant growth over the last decade or so, as a whole. Since 1997, labor force has grown by an average of 2.2 percent per year, and employment has averaged 2.2 percent per year over that period.

The population of the Jefferson market area is projected to increase from 28,416 in 2000 to 36,092 in 2006, and 39,995 in 2009. The number of households is projected to increase from 10,096 in 2000 to 12,965 in 2006 and 14,437 in 2009.

There are few apartment complexes in the Jefferson area. These include two small market rate properties and two USDA/Rural Development Rural Rental Housing properties.

The total potential need for tax credit units such as is proposed in the Jefferson area by 2009 is calculated to be for 651 units. Capture rates for the proposed 64-unit project are as set out in the capture rate analysis chart (on the following page).

Our review of the capture rates for the proposed development suggest that the project is realistic, as proposed. Thus, in our opinion, the size of the project, the site location, and capture rates suggest that the project could expect to rent-up over a 120 day period, or so (given that the project is presumed to be placed in-service in the second quarter of the year - which is advantageous).

Capture Rate Analysis Chart

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate (%)	Absorption (months, approx.)	Median Market Rent	Proposed Rents
1 Bdrm	30% AMI								
	50%AMI	5	56	0	56	8.9	1	\$640	\$425
	60% AMI	3	59	0	59	5.1	2	\$640	\$495
	Market Rate	4	120	0	120	3.3	3	\$640	\$520
1 Bdrm	TOTAL	12	165	0	220	7.3	3		
2 Bdrm	30% AMI								
	50%AMI	13	111	0	111	11.8	2	\$750	\$465
	60% AMI	9	117	0	117	7.7	3	\$750	\$595
	Market Rate	10	236	0	236	4.2	4	\$750	\$6 20
2 Bdrm	TOTAL	32	327	0	327	9.8	4		
3 Bdrm	30% AMI								
	50%AMI	8	54	0	54	14.9	2	\$830	\$565
	60% AMI	6	57	0	57	10.6	3	\$830	\$675
	Market Rate	6	115	0	115	5.2	3	\$830	\$720
3 Bdrm	TOTAL	20	159	0	159	12.6	3		
4Bdrm	30% AMI								
	50%AMI								
	60% AMI								
	Market								
4 Bdrm	TOTAL								

Proposed Project Capture Rate LIHTC Units	11.6%
Proposed Project Capture Rate Market Rate Units	4.2%
Proposed Project Capture Rate ALL Units	9.8%
Proposed Project Stabilization Period	120 days, or so

PROJECT DESCRIPTION

The Oconee Overlook Apartments are located on the Winder Highway (Georgia Highway 11), south of Jefferson. The project will provide a total of 64 new units, for family tenants.

There will be 12 one-bedroom units, 32 two-bedroom units and 20 three-bedroom units. Of the total 64 units, 26 units will be targeted to households with incomes up to 50 percent of the median, and 18 units will be targeted to households with incomes up to 60 percent of the median, and therefore qualify those units for tax credit status. In addition, there will be 20, unrestricted, market rate units.

One bedroom units will be of around 850 square feet, two bedroom units will be around 1,000 square feet, and the three-bedroom units will be around 1,180 square feet. The units will be garden apartments, and the property will comprise two two-and-three-story buildings and one three-story building.

The project is to be configured as follows:

<u>Unit type</u>	<u>No. of units</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
1 bedroom/1 bath	5	\$425	\$77	less than 50 percent
1 bedroom/1 bath	3	\$495	\$77	less than 60 percent
1 bedroom/1 bath	4	\$520	\$77	unrestricted
2 bedroom/2 bath	13	\$465	\$100	less than 50 percent
2 bedroom/2 bath	9	\$595	\$100	less than 60 percent
2 bedroom/2 bath	10	\$620	\$100	unrestricted
3 bedroom/2 bath	8	\$565	\$124	less than 50 percent
3 bedroom/2 bath	6	\$675	\$124	less than 60 percent
3 bedroom/2 bath	6	\$720	\$124	unrestricted

* Percent of area median

Source: Developer

Project based rental assistance will not be available.

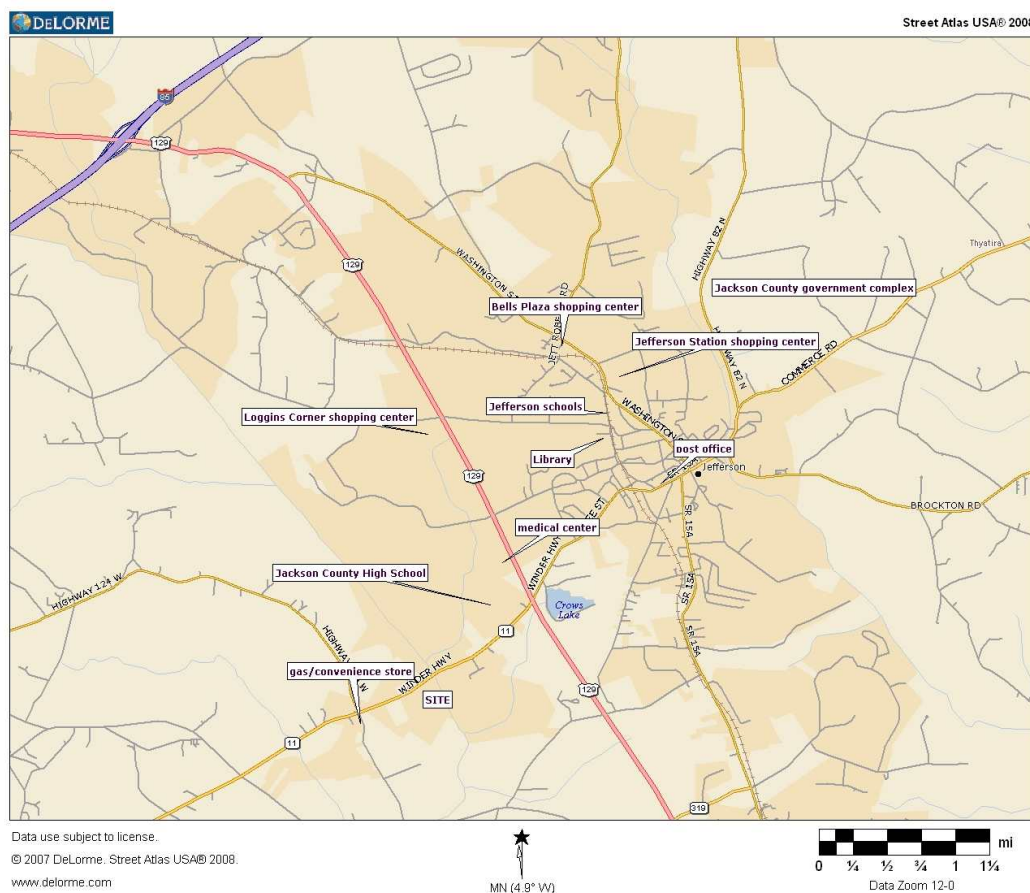
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Based upon the application, the proposed development will feature the following required amenities: refrigerator, stove, heating and air conditioning, an on-site laundry, a community building with leasing office and general purpose room, and a gazebo. Optional amenities to be provided (as per the application) include an equipped walking path (with exercise stations or sitting areas), an equipped play court, a covered pavilion (with picnic facilities), a picnic area, tot lot, an equipped exercise/fitness center, an equipped computer center, a children's activity center, a sprinkler and alarm system, a built-in dishwasher and a microwave oven in each unit, and washer and dryer hook-ups (in addition to on-site laundry).

As per the application, the project placed in-service date is March 15, 2009.

SITE EVALUATION¹

The site of the proposed Oconee Overlook Apartments is on the south side of the Winder Highway (Highway 11), south -west of Jefferson. The Middle Oconee River is located directly to the east of the property, with the Briarcrest subdivision to the south. A municipal water treatment facility is located on the opposite side of the River (which could be considered a potential negative attribute). The area in the general vicinity of the site is undergoing some development at present. The Briarcrest subdivision, for example, provides small, detached, homes that are targeted to households aged 55 years and older. The Jameston Place subdivision is located across Highway 11 from Briarcrest, offers more traditional single-family homes. Other properties in the area are undeveloped, including some that are for sale, in anticipation of future development as the area continues to grow.



¹ Site visit was conducted on June 14, 2007



View across Highway 11, to site - looking east



View across Highway 11, to site - looking west



View on property



View on property



View east from site - towards Oconee River



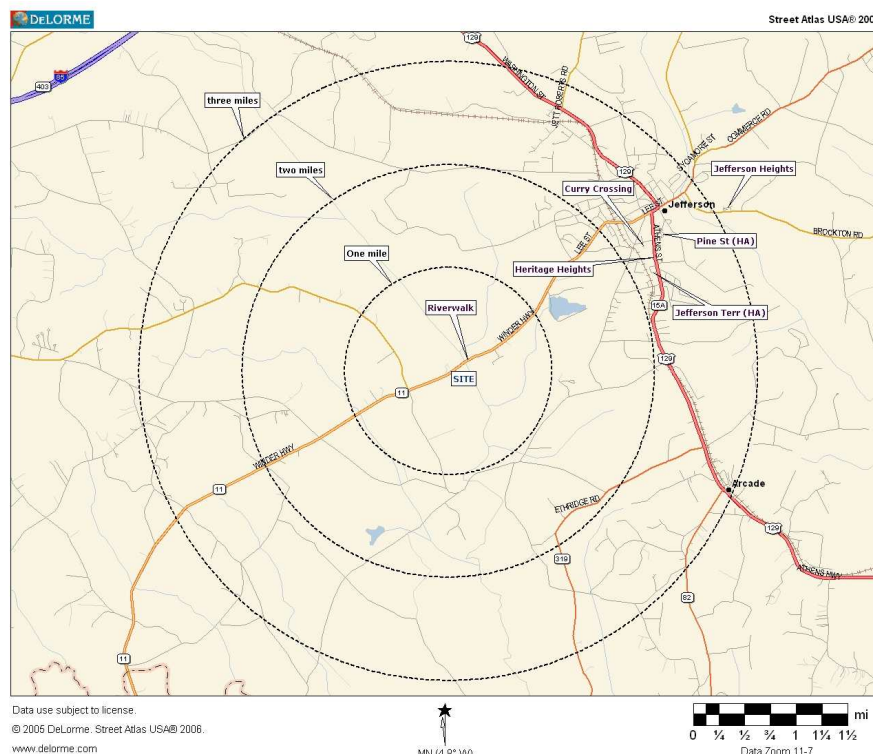
View across Highway 11 - from site

Access from the site to major thoroughfares, and local services is quite good – given that the area is somewhat rural, with low density development. Jefferson is a small community, and offers two shopping centers, located to the north of the town – approximately three and one-half miles from the site, and one new shopping center on the US 129 bypass - two and one-half miles from the site. A gas/convenience store is located approximately one half of one mile from the site – to the west – at the Highway 124 intersection.

The site is within three-fourths of one mile of the Jackson County High School, and is within two-and one-half miles of the various shops and other services located in the Jefferson downtown business district.

The site is within six miles of the intersection of US 129 and interstate 85, to the north and west of Jefferson.

Based on the application the site is currently zoned for multi-family housing. The zoning for the surrounding area (see map) is primarily single-family or planned community development district - which is the predominant use in such areas and is not likely to experience any very significant change in the near-to-medium term. As noted, properties in the vicinity of the site include those that are currently under lower density residential development.

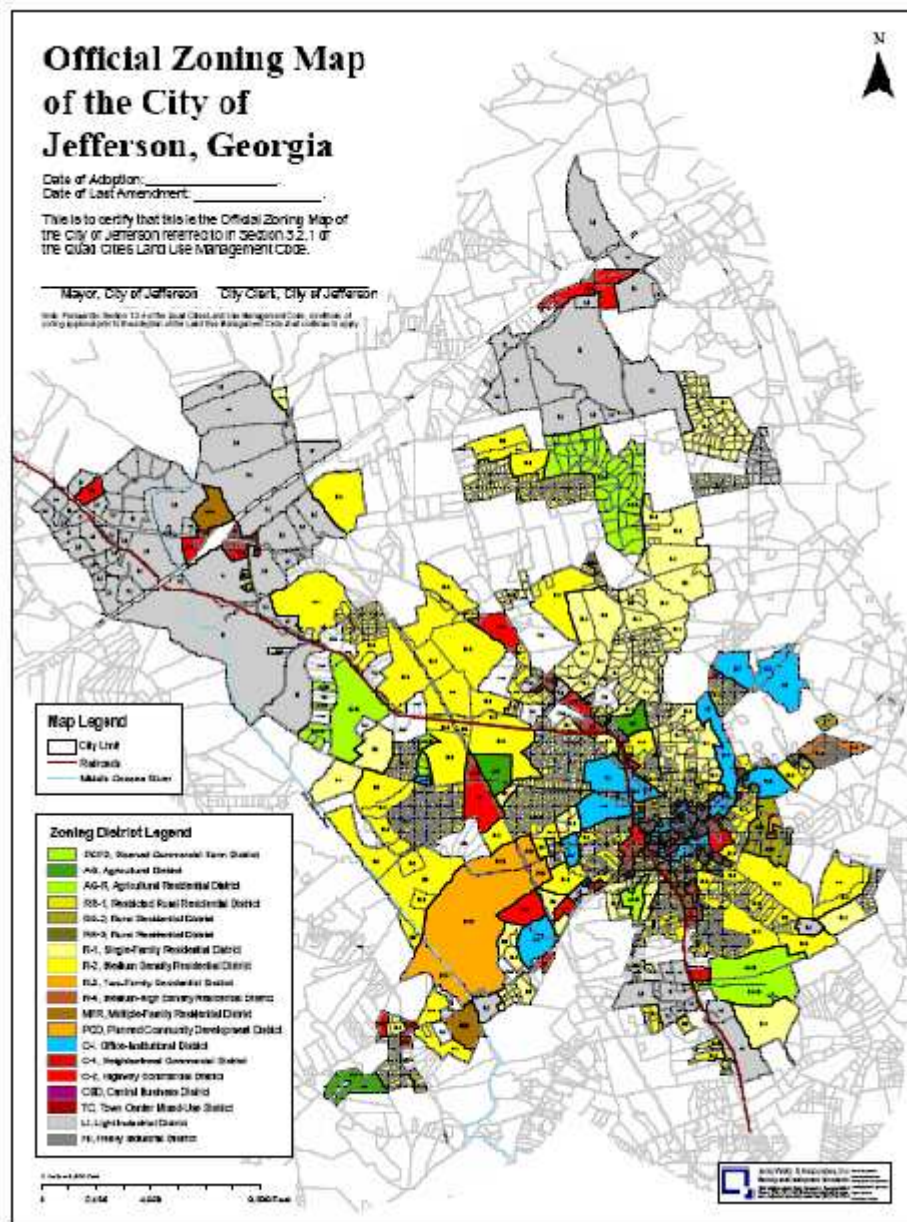


Existing low income housing

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The property will be easily accessed from highway 11 – with the clubhouse likely to be visible from that thoroughfare. The residential units may not be visible from the highway.

The site is wooded and is sloping – with a significant proportion of the site being undisturbed wetlands (between the developed portion of the site and the river). There are no apparent environmental, physical, or other constraints upon the construction and marketing of the proposed apartments at this location.



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MARKET AREA

Market areas are defined on the basis of the consideration of many inter-related factors. These include consideration of the site location, consideration of socio-demographic characteristics of the area (tenure, income, rent-levels, etc.), local commuting patterns, physical (or other) boundaries, census geographies, and especially the location of comparable and/or potentially competing communities.

In communities such as county seats where that community is the county's largest community and is centrally located and can draw from the entire county, the county may be the market area. In circumstances where there are potentially competing communities in one county, the market area will be that part of the county (and, potentially, portions of adjacent counties) which the proposed development is most likely to draw from. Here, a combination of census county subdivisions (townships) may be used to define the market area. In urban or suburban markets, the market area will be areas adjacent to the site and will extend to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project. Here combinations of census county subdivisions (townships) or combinations of census tracts, may be used to define the market area.

Jefferson is located in central Jackson County, in northeastern Georgia. The market area for the proposed development is Jackson County, less that portion of the county which can be considered part of the Commerce market area. This area is therefore defined as Jackson County, less areas east of the North Oconee River (that is, the Commerce and Nicholson census districts) - and as such comprises the Jefferson, Maysville, and West Jefferson census districts. This area is focused on Jefferson and extends to an approximately six- (east and west) or ten- (north and south) mile hinterland. This area includes smaller communities in Jackson County (such as Braselton), but excludes competing communities in Jackson County (such as Commerce), and excludes competing communities in neighboring counties (such as Winder, Athens, and Gainesville). This area is that which constitutes the geographic area adjacent to Jefferson and extends to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project.

In accordance with Georgia DCA recommendations, this market area is considered both reasonable and somewhat conservative in order to ensure that demand is not overstated when, as required, demand calculations are adjusted to account for potential demand from outwith this area, as defined.



Jefferson Market Area

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COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS

In 1990, the population of Jackson County was 30,005, and in 2000 the population was recorded as 41,589. Population projections at the county level are provided by the Georgia State Data Center. Based on these, the population of Jackson County is projected to be around 51,753 by 2006 and 56,835 by 2009.

Population projections for the Jefferson market area are based on the average of several small area population projection techniques using the 1990 to 2000 trends at the county subdivision level. The projection is that in 2006 the project market area will have a population of around 36,092, and around 39,995 in 2009. In 2000, the population of the market area was 28,416.

Information on population changes between 1990 and 2014 are set out in Table 2, overleaf.

Table 1 - Population

	Jefferson	Market Area	Jackson County
1990	2,763	19,686	30,005
2000	3,825	28,416	41,589
2006	4,649	36,092	51,753
2009	5,126	39,995	56,835
2014	6,031	47,353	66,348

Source: 1990 Census and 2000 Census; Georgia State Data Center; John Wall and Associates

Table 2 - Population Change

Absolute change

	Jefferson	Market Area	Jackson County
1990-2000	1,062	8,730	11,584
2000-2006	824	7,676	10,164
2006-2009	477	3,903	5,082
2009-2014	905	7,358	9,513

Annual change

1990-2000	106	873	1,158
2000-2006	137	1,279	1,694
2006-2009	159	1,301	1,694
2009-2014	181	1,472	1,903

Annual average rate of change(%)

1990-2000	3.84	4.43	3.86
2000-2006	3.59	4.50	4.07
2006-2009	3.42	3.60	3.27
2009-2014	3.53	3.68	3.35

Source: 1990 Census and 2000 Census; John Wall and Associates.

AGE, SEX, AND RACE

Information on the age, sex, and racial characteristics of the population of Jefferson, the Jefferson market area, and Jackson County are set out in Table 3, below.

Table 3 - Age, Sex and Race

<u>Age</u>	Jefferson		Market Area		Jackson County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
under 5 years	285	7.5	2,055	7.2	3,021	7.3
5 to 9 years	309	8.1	2,254	7.9	3,227	7.8
10 to 14 years	304	7.9	2,173	7.6	3,076	7.4
15 to 19 years	277	7.2	1,979	7.0	2,852	6.9
20 to 24 years	204	5.3	1,653	5.8	2,521	6.1
25 to 34 years	543	14.2	4,436	15.6	6,365	15.3
35 to 44 years	609	15.9	4,931	17.4	6,850	16.5
45 to 54 years	467	12.2	3,685	13.0	5,408	13.0
55 to 59 years	193	5.0	1,540	5.4	2,215	5.3
60 to 64 years	157	4.1	1,168	4.1	1,733	4.2
65 to 74 years	236	6.2	1,476	5.2	2,341	5.6
75 to 84 years	184	4.8	824	2.9	1,452	3.5
85 years and over	57	1.5	242	0.9	528	1.3
<u>Sex</u>						
Male	1,798	47.0	14,464	50.9	20,831	50.1
Female	2,027	53.0	13,952	49.1	20,758	49.9
<u>Race</u>						
White	3,077	80.4	25,302	89.0	37,016	89.0
Black or African American	614	16.1	2,120	7.5	3,234	7.8
Other race	134	3.5	994	3.5	1,339	3.2
Hispanic or Latino (any race)	161	4.2	919	3.2	1,249	3.0

Source: 2000 Census; John Wall and Associates.

HOUSEHOLD TRENDS

Projections of the number of households for Jefferson, the market area, and for Jackson County are set out in Table 4, below. In 2000, the average household size for the Jefferson market area was 2.76 persons, compared with 2.79 in 1990.

Table 4 - Population and Households

Jefferson	<u>Population</u>	<u>Group Quarters</u>	<u>Households</u>	<u>Persons per Household</u>
1990	2,763	0	1,056	2.62
2000	3,825	46	1,415	2.67
2006	4,649	46	1,748	2.63
2009	5,126	46	1,917	2.65
2014	6,031	46	2,269	2.63
Market Area				
1990	19,686	480	6,877	2.79
2000	28,416	541	10,096	2.76
2006	36,092	541	12,965	2.74
2009	39,995	541	14,437	2.73
2014	47,353	541	17,226	2.72
Jackson County				
1990	30,005	710	10,721	2.73
2000	41,589	809	15,057	2.71
2006	51,753	809	18,910	2.69
2009	55,835	809	20,852	2.69
2014	66,348	809	24,501	2.67

Source: 1990 Census and 2000 Census; John Wall and Associates

TENURE

Table 5, below, sets out the number and proportion of owner and renter households for Jefferson, the Jefferson market area, and for Jackson County. In the years beyond 2000, the tenure proportions are assumed to be the same as for 2000. In 2000, 22.9 percent of households in the market area were renters, compared with 35.2 percent for Jefferson, and 25.1 percent for Jackson County.

Table 5 - Tenure

Jefferson	All households	Owner-occupied		Renter-occupied	
		<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
1990	1,056	701	66.4	355	33.6
2000	1,415	917	64.8	498	35.2
2006	1,748	1,133	64.8	615	35.2
2009	1,917	1,243	64.8	675	35.2
2014	2,269	1,470	64.8	709	31.2
Market Area					
1990	6,877	5,228	76.0	1,649	24.0
2000	10,096	7,782	77.1	2,314	22.9
2006	12,965	9,993	77.1	2,972	22.9
2009	14,437	11,128	77.1	3,309	22.9
2014	17,226	13,278	77.1	3,948	22.9
Jackson County					
1990	10,721	8,056	75.1	2,665	24.9
2000	15,057	11,276	74.9	3,781	25.1
2006	18,910	14,161	74.9	4,749	25.1
2009	20,852	15,616	74.9	5,236	25.1
2014	24,501	18,348	74.9	6,153	25.1

Source: 1990 Census and 2000 Census; John Wall and Associates

HOUSEHOLD SIZE

Table 6 below, sets out household size, by tenure, for households in Jefferson, the Jefferson market area, and Jackson County.

Table 6 - Household Size, by Tenure

	Jefferson		Market Area		Jackson County	
	<u>owner</u>	<u>renter</u>	<u>owner</u>	<u>renter</u>	<u>owner</u>	<u>renter</u>
1 person	176	154	1,262	603	1,928	1,039
2 person	324	115	1,051	624	4,011	1,051
3 person	174	106	691	432	2,298	691
4 person	144	56	544	353	1,890	544
5 person	70	37	279	183	743	279
6 person	18	16	110	72	267	110
7+ person	11	14	67	47	139	67

Source: 2000 Census; John Wall and Associates

HOUSEHOLD INCOME

The distribution of household incomes for Jefferson, the Jefferson market area, for Jackson County, and Georgia as a whole are set out in Table 7, below. From this table it can be seen that the median income for the market area in 1999 was \$42,334 and the corresponding figure for Jackson County was \$40,349.

Table 7 - Household Income

	Jefferson		Market Area		Jackson County		Georgia	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	158	11.1	1,065	10.6	1,623	10.8	304,816	10.1
\$10,000 to \$14,999	109	7.7	621	6.2	1,013	6.7	176,059	5.9
\$15,000 to \$19,999	101	7.1	667	6.6	1,008	6.7	177,676	5.9
\$20,000 to \$24,999	97	6.8	609	6.0	1,012	6.7	191,603	6.4
\$25,000 to \$29,999	103	7.3	661	6.6	1,031	6.9	191,619	6.4
\$30,000 to \$34,999	56	3.9	569	5.6	878	5.8	187,070	6.2
\$35,000 to \$39,999	52	3.7	541	5.4	871	5.8	176,616	5.9
\$40,000 to \$44,999	102	7.2	649	6.4	928	6.2	173,820	5.8
\$45,000 to \$49,999	79	5.6	595	5.9	884	5.9	152,525	5.1
\$50,000 to \$59,999	141	9.9	1,018	10.1	1,550	10.3	278,017	9.2
\$60,000 to \$74,999	185	13.0	1,306	13.0	1,718	11.4	315,186	10.5
\$75,000 to \$99,999	93	6.6	981	9.7	1,328	8.8	311,651	10.4
\$100,000 to \$124,999	71	5.0	386	3.8	584	3.9	157,818	5.2
\$125,000 to \$149,999	28	2.0	159	1.6	205	1.4	76,275	2.5
\$150,000 to \$199,999	21	1.5	142	1.4	227	1.5	66,084	2.2
\$200,000 or more	22	1.6	103	1.0	169	1.1	70,843	2.4
median	\$41,146		\$42,334		\$40,349		\$42,433	

Source: 2000 Census; John Wall and Associates

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Jefferson, the Jefferson market area, and for Jackson County as a whole are set out in Table 8, below.

Table 8 - Household Income, Renter Households

	Jefferson		Market Area		Jackson County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	94	20.5	412	18.8	687	19.1
\$10,000 to \$19,999	125	27.2	444	20.3	761	21.2
\$20,000 to \$34,999	87	19.0	559	25.6	844	23.5
\$35,000 to \$49,999	73	15.9	404	18.5	677	18.8
\$50,000 to \$74,999	69	15.0	247	11.3	450	12.5
\$75,000 to \$99,999	0	0.0	83	3.8	115	3.2
\$100,000 or more	11	2.4	37	1.7	63	1.8

Source: 2000 Census; John Wall and Associates

RESIDENTIAL CONSTRUCTION SINCE 1990

Table 9 below gives details of residential construction in Jackson County since 1990. Where the data exist, it can be seen that a total of 1,281 units were added in Jefferson (since 2003). All these were single-family units. A total of 11,166 units were added throughout Jackson County. No data are available for the market area.

Table 9 - Residential Construction Since 1990

	Jackson County			Jefferson		
	Total	single-family	multi-family	Total	single-family	multi-family
1990	169	159	10			
1991	169	146	8			
1992	185	173	12			
1993	224	206	18			
1994	238	222	16			
1995	344	319	25			
1996	469	385	84			
1997	473	463	10			
1998	502	480	22			
1999	636	617	19			
2000	864	766	98			
2001	772	762	10			
2002	912	908	4			
2003	856	850	6	100	100	0
2004	1,523	1,515	8	415	415	0
2005	1,457	1,445	12	343	343	0
2,006	1,388	1,378	10	423	423	0
Total	11,166	10,794	372	1,281	1,281	0

¹ Units

Source: Current Construction Reports, C-40; Bureau of the Census; John Wall and Associates

EMPLOYMENT TRENDS

EMPLOYMENT BY INDUSTRY

The distribution of employment, by industry, for Jackson County from 2003 to 2005 (the most recent annual data available) is set out in Table 10, below. From this table it is seen that the largest employment sectors include manufacturing, retail trade, and local government. Employment in manufacturing amounted to 23.2 percent of the total for 2005 (having accounted for 26.9 percent in 2003).

Table 10 - Employment Trends, Jackson County, 2003-2005

	2003		2004		2005	
	number	percent	number	percent	number	percent
Total	15,012	100.0	16,588	100.0	18,008	100.0
Agriculture, Forestry, etc			129	0.8	157	0.9
Construction	1,239	8.3	1,032	6.2	1,201	6.7
Manufacturing	4,043	26.9	4,131	24.9	4,178	23.2
Wholesale trade	1,094	7.3	1,287	7.8	1,373	7.6
Retail trade	2,994	19.9	2,703	16.3	2,972	16.5
Transp. and Warehousing	206	1.4	695	4.2	806	4.5
Information	103	0.7	104	0.6	102	0.6
Financial and Insurance	216	1.4	267	1.6	323	1.8
Real estate	183	1.2	178	1.1	193	1.1
Professional and Technical services	264	1.8	198	1.2	296	1.6
Management			168	1.0		
Administrative and Waste services	222	1.5	380	2.3	461	2.6
Educational services	40	0.3	45	0.3		
Health Care and Social Assistance	404	2.7	449	2.7	509	2.8
Arts, Entertainment, Recreation	32	0.2	116	0.7	160	0.9
Accommodation and Food services	1,025	6.8	1,641	9.9	1,925	10.7
Other Services	198	1.3	213	1.3	292	1.6
Unclassified						
Federal Government	119	0.8	124	0.7	124	0.7
State Government	161	1.1	140	0.8	139	0.8
Local Government	2,469	16.4	2,588	15.6	2,797	15.5

Source: Georgia Department of Labor

EMPLOYMENT BY INDUSTRY, PROJECT MARKET AREA

The distribution of employment, by industry, (by place of residence) for the Jefferson market area is set out in Table 11, below. This information is from the 2000 Census.

Table 11 - Employment by Industry, Jefferson Market Area

	<u>persons</u>	<u>percentage</u>
Agriculture (and mining)	417	3.1
Construction	1,526	11.5
Manufacturing	2,817	21.1
Wholesale Trade	652	4.9
Retail Trade	1,544	11.6
Transportation, etc	762	5.7
Information	242	1.8
Finance, Insurance, Real	600	4.5
Professional, etc	814	6.1
Education, Health, Social	1,771	13.3
Arts, Entertainment,	938	7.0
Other Services	712	5.3
Public Administration	533	4.0
Total	13,328	100.0

Source: 2000 Census; John Wall and Associates

EMPLOYMENT OUTSIDE OF COUNTY

In 2000, based on Census data, 11,067, or as many as 57.8 percent of workers resident in Jackson County were employed outside the county. The average driving time to work (for those not working at home) for those resident in Jefferson was 25.5 minutes, and for those in the market area the average was 31.5 minutes. Statewide, the average travel time to work was 28.8 minutes.

MAJOR INDUSTRIAL EMPLOYERS

The major industrial employers in Jackson County are listed in Table 12, below. From this table, it is seen that the largest single industrial employer is Wayne Farms—a chicken processing company that employs 1,350 persons. Other significant employers include Chateau Elan (a winery and resort employing 500 persons) and Baker and Taylor (a book distributor also employing 500 persons).

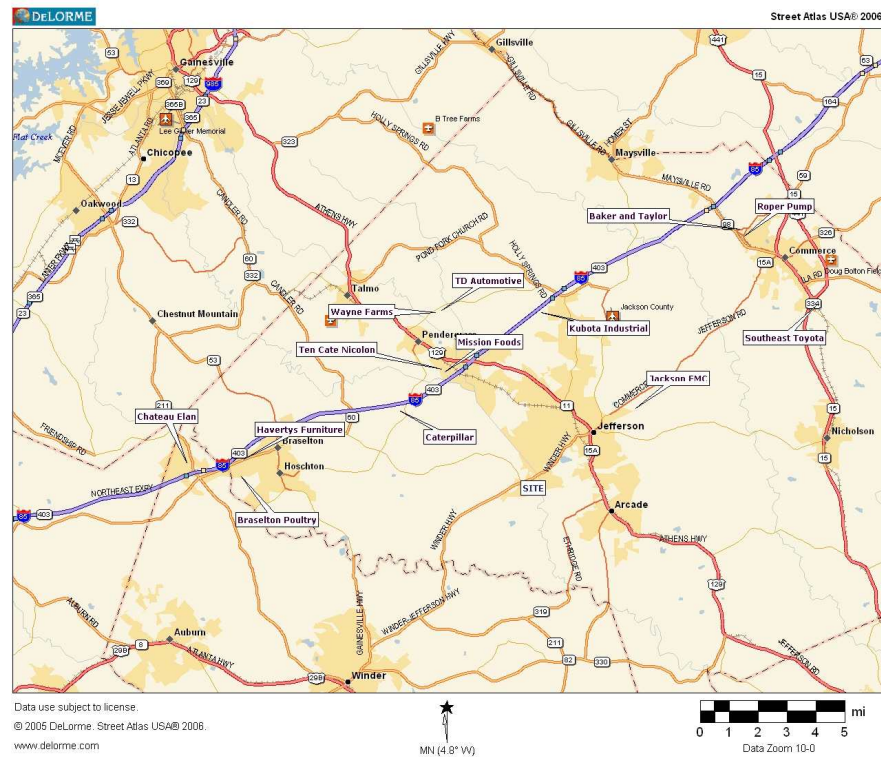
A map showing the location of many of the area's largest employers is provided, on the following page. It is understood that there have been two closings in Jackson County over the last several years (affecting around 295 persons). Those were at Texfi and Wilkins Industries.

Table 12 - Major Employers

<u>Firm</u>	<u>Product/Services</u>	<u>Employees</u>
Wayne Farms	Poultry processing	1,350
Chateau Elan	Winery and resort	500
Baker and Taylor Books	Book distributor	500
Haverty's Furniture	Furniture distributor	450
Mission Foods	Food service	385
Kubota Industrial Equipment	Industrial equipment	251
Braselton Poultry	Poultry processing	235
Roper Pump Company	Pumps	180
Southeast Toyota Distributor	Processing for Toyota	165
TD Automotive Compressor	Automotive compressors	150
Caterpillar	Fuel systems	150
Tem Cate Nicolon	Geosynthetics	150
Year One	Mail order firm	150
Home Depot	Distribution center	150
Louisiana-Pacific	Lumber, plywood	145
Buhler Quality Yarns	Yarn	139
Mayfield Dairy Farms	Milk production	100
Atlas Cold Storage	Refrigerated storage	100
Satellite Mfg.	Metal products	100

Source: Jackson County Area Chamber of Commerce

Significant non-manufacturing employers in the area include the local Boards of Education, the local hospital, and the local utility company.



Major Employers

JOHN WALL AND ASSOCIATES
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LABOR FORCE AND EMPLOYMENT

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2006, the most recent year for which annualized data are available, the Jackson County labor force comprised an estimated 26,992 persons. Of this total, 25,932 were employed and 1,060 or 3.9 percent were unemployed. Labor force and employment figures show significant growth over the decade and unemployment (on an annual basis) has been relatively low.

Since 1997, labor force has grown by an average of 2.2 percent per year, and employment has averaged 2.2 percent per year over that period.

Table 13 - Jackson County Labor Force and Employment

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	
			<u>Total</u>	<u>Rate (%)</u>
1997	21,758	20,949	809	3.7
1998	21,793	20,927	866	4.0
1999	22,427	21,656	771	3.4
2000	21,448	20,784	664	3.1
2001	21,471	20,578	893	4.2
2002	21,981	20,895	1,086	4.9
2003	22,819	21,795	1,024	4.5
2004	23,990	22,964	1,026	4.3
2005	25,588	24,435	1,153	4.5
2006	26,992	25,932	1,060	3.9

Source: Georgia Department of Labor

Growth in labor force and employment – as experienced in Jackson County over the last decade or so – can serve as a foundation for ongoing population and housing growth, which can translate into a need for more housing.

PROJECT SPECIFIC DEMAND ANALYSIS

INCOME RESTRICTIONS

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from households currently living in the area who would move to the units were they made available.

Income is a key variable in the analysis of affordable housing markets. Of the 64 units proposed, 26 units will be targeted to households with incomes up to 50 percent of the median, and 18 units will be targeted to households with incomes up to 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status. In addition, there will be 20, unrestricted, market rate units. The income limits for Jackson County are as follows:

Table 14 - Income Limits

	<u>50%</u>	<u>60%</u>
1 person	\$19,250	\$23,100
2 person	\$22,000	\$26,400
3 person	\$24,750	\$29,700
4 person	\$27,500	\$33,000
5 person	\$29,650	\$35,580
6 person	\$31,850	\$38,200

Source: HUD

The maximum rents for the proposed units are based on the above income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities). These figures are as follows:

Table 15 - Maximum Housing Expense

	<u>50%</u>	<u>60%</u>
1 bedroom	\$516	\$619
2 bedroom	\$619	\$743
3 bedroom	\$714	\$857

Source: John Wall and Associates.

The proposed rents and utility allowances at the proposed apartments are set out in Table 16, below. From this it can be seen that housing expenses at the proposed apartments fall at 90 to 97 percent of the maximum figures for units at the 50 percent level, and at around 91 to 93 percent for units at the 60 percent level.

Table 16 - Proposed Rents and Utility Allowances

<u>50 percent</u>	<u>Rent</u>	<u>Utilities</u>	
1 bedroom	\$425	\$77	
2 bedroom	\$465	\$100	
3 bedroom	\$565	\$124	
	<u>Maximum Rent</u>	<u>Proposed Rent</u>	<u>Proportion of Maximum (%)</u>
1 bedroom	\$439	\$425	96.9
2 bedroom	\$519	\$465	89.6
3 bedroom	\$590	\$565	95.7
<u>60 percent</u>	<u>Rent</u>	<u>Utilities</u>	
1 bedroom	\$495	\$77	
2 bedroom	\$595	\$100	
3 bedroom	\$675	\$124	
	<u>Maximum Rent</u>	<u>Proposed Rent</u>	<u>Proportion of Maximum (%)</u>
1 bedroom	\$542	\$495	91.4
2 bedroom	\$643	\$595	92.6
3 bedroom	\$733	\$675	92.1

Source: John Wall and Associates

AFFORDABILITY

There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). The minimum income needed to afford the proposed units at their proposed rents are set out below. From this table it can be seen that incomes fall at around 39 to 42 percent of the area's median income for units at 50 percent of the median, around 48 percent for units at 60 percent of the median, and at around 50 to 51 percent of the median for the unrestricted, market rate, units.

Table 17 - Minimum Incomes Needed to Afford the Proposed Apartments

<u>50 percent</u>	<u>Income Needed</u>	<u>Income as Proportion of Area Median (%)</u>
1 bedroom	\$17,211	41.7
2 bedroom	\$19,371	39.1
3 bedroom	\$23,623	41.3
<u>60 percent</u>		
1 bedroom	\$19,611	47.5
2 bedroom	\$23,829	48.1
3 bedroom	\$27,394	47.9
<u>Market</u>		
1 bedroom	\$20,469	49.6
2 bedroom	\$24,686	49.9
3 bedroom	\$28,937	50.6

Source: John Wall and Associates

Qualifying income ranges for the proposed tax credit units are a function of the income needed to afford the proposed units and the mandated upper income limits. The latter are a function of household size (where, following DCA guidelines, the maximum is based on a standard of 1.5 persons per bedroom, rounded up to the nearest whole number). Given the nature of the property the upper limit for the proposed market rate units is assumed to be effectively around 80 percent of the median income.

The table below also shows that there is certain amount of overlap between income ranges – this occurs where households qualifying at one income level can afford the rents at another targeted income level. Consequently, demand calculations need to address this potential double-counting (and also take into consideration the gap between the units targeted at 30 percent of the median and the units targeted at higher income levels). The qualifying income ranges are therefore as set out below.

Table 18 - Qualifying Income Ranges

	50 percent	
	<u>lower income</u>	<u>upper income</u>
1 bedroom	\$17,211	\$22,000 ¹
2 bedroom	\$19,371	\$24,750 ²
3 bedroom	\$23,623	\$29,650 ³
	60 percent	
	<u>lower income</u>	<u>upper income</u>
1 bedroom	\$19,611	\$26,400 ¹
2 bedroom	\$23,829	\$29,700 ²
3 bedroom	\$27,394	\$35,580 ³
	Market	
	<u>lower income</u>	<u>upper income</u>
1 bedroom	\$20,469	\$35,200 ¹
2 bedroom	\$24,686	\$44,000 ²
3 bedroom	\$28,937	\$50,960 ³

¹ based on two-person household size

² based on three-person household size

³ based on five-person household size

Source: John Wall and Associates

The income distribution of renter households in the project market area is presented in Table 19, below.

Table 19 - Household Income, Renter Households

<u>Income</u>	<u>All Renters</u>		<u>Overburdened Renters</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Up to \$10,000	412	18.8	243	52.8
\$10,000 - \$19,999	444	20.3	161	35.0
\$20,000 - \$34,999	559	25.6	46	10.0
\$35,000 - \$49,999	404	18.5	10	2.2
\$50,000 - \$74,999	247	11.3	0	0.0
\$75,000 - \$99,999	83	3.8	0	0.0
\$100,000 and over	37	1.7	0	0.0

Source: 2000 Census; John Wall and Associates.

These data for 1999, are taken from the 2000 Census. These data can be projected forward using the most recent HUD adjustment factor. Here, this is 1.160 for Jackson County. From this Table it can be seen that 18.8 percent of the market area renter households have incomes less than \$11,600 and a further 20.3 percent have incomes between \$11,600 and \$23,200. This table also illustrates how rent overburdened households are concentrated in the lower income groups. Around 21.0 percent of all renters are overburdened – 86.8 percent of which have incomes below \$23,200.

Based on the income ranges set out in Table 18 and the income distribution set out in Table 19, it is found that around 8.7 percent of market area renter households qualify for units at 50 percent of the median, 10.6 percent qualify at 60 percent of the median, and 22.9 percent qualify for market rate units.¹

¹ These proportions are based on the average of the range of qualifying income proportions, by number of bedrooms.

NEW HOUSEHOLDS

Based on the projections set out in Table 5, a total of 995 new rental units are needed between 2000 and 2009. A total of 302 units will qualify for the proposed development (excluding overlap): 87 qualifying at 50 percent of the median, 105 qualifying at 60 percent of the median, and 228 qualifying for market rate units.

EXISTING HOUSEHOLDS

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing renter households who would move to the new apartments were they made available. The extent to which any new development is able to attract a certain share of this market is largely a factor of several interrelated factors. These include the location of the development, the amenities it offers, the quality of design and the effectiveness of the development's marketing and management. That is, the perceived value of the community in terms of price, convenience, and life-style.

Our calculations show that there will be a total of 950 renter households in the qualifying income ranges in the project market area (excluding overlap) – 273 renters qualifying at 50 percent of the median, 330 renters qualifying at 60 percent of the median, and 716 qualifying for market rate units. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. The American Housing Survey for the United States in 2001 showed that around 32.5 percent of all renters moved in the previous 12 month period. Information from the 2000 Census suggests that the corresponding proportion for Georgia was around 36.0 percent. With respect to existing households in the project market area it is found that, based on 2000 Census data, around 35.7 percent of renters at 50 percent, 25.6 percent of renters at 60 percent, and 20.8 percent of renters at market rates are over-burdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of physically substandard rental units. HUD and USDA market guidelines allowed for the calculation of the replacement of units due to demolition or abandonment or obsolescence. USDA guidelines suggested one percent per year. The HUD publication "Components of Inventory Change: 2001 to 2003" (Published in August, 2005) provides information on housing units lost over the two-year period. For example, the overall average loss for rental units was around 1.60 percent (0.80 percent per year), as that for rental units renting for less than \$600 per month was around 2.01 percent (1.00 percent per year), and that for rental units occupied by households with incomes below \$30,000 per year was 2.09 percent (1.05 percent per year). A figure of 1.0 percent is considered appropriate and is employed in this report.

Based on the number of rental units in the market area occupied by income-eligible tenants, this translates to an additional 60 units overall (excluding overlap): 16 units at 50 percent of the median, 23 units at 60 percent, and 53 at market rates.

Georgia DCA market studies require consideration of potential demand from outside the primary market area, as defined. Potential demand from this source is assumed to amount to 115 percent of that from the primary market area. Thus, the calculations for the proposed development include a further 30 units at 50 percent of the median, 32 units at 60 percent of the median, and 64 at market rates.

These calculations are summarized in the following table.

Table 20 - Demand Calculations

	<u>50 percent</u>	<u>60 percent</u>	<u>Market</u>	<u>Total¹</u>
(i) New renter households	87	105	228	302
(ii) Existing renter households	273	330	716	950
(iii) Existing renter households, likely to move	97	85	149	232
(iv) Replacement of obsolete rental units	16	23	53	60
(v) Adjustment for secondary market area	30	32	64	89
Total demand (i) + (iii) + (iv) + (v)	231	244	494	684

¹ excluding overlap

Source: John Wall and Associates

DEMAND

Total demand is therefore seen to amount to 684 units (excluding overlap): 231 qualifying at 50 percent of the median, 244 qualifying at 60 percent of the median, and 494 qualifying for market rate units. This total demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 24 percent of the total, two-bedroom units should account for 48 percent of the total, and three-bedroom units should account for 23 percent of the total (with four- or more bedroom units accounting for 5 percent).

SUPPLY

These figures are based on a 2000 to 2009 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. There has been no new construction of tax credit or comparable market-rate apartments in the project market area over this projection period. Thus, the net demand is for 694 (one-, two-, and three-bedroom) units (excluding overlap): 231 units at 50 percent of the median, 244 units at 60 percent of the median, and 494 market rate units.

Table 21 - Demand Calculations and Capture Rates

Overall Demand	<u>50 percent</u>	<u>60 percent</u>	<u>Market</u>	<u>Total¹</u>
1 bedroom	56	59	120	165
2 bedroom	111	117	236	327
3 bedroom	54	57	115	159
Total	220	233	471	651
Supply				
1 bedroom	0	0	0	0
2 bedroom	0	0	0	0
3 bedroom	0	0	0	0
Total	0	0	0	0
Net Demand				
1 bedroom	56	59	120	165
2 bedroom	111	117	236	327
3 bedroom	54	57	115	159
Total	220	233	471	651
Units proposed				
1 bedroom	5	3	4	12
2 bedroom	13	9	10	32
3 bedroom	8	6	6	20
Total	26	18	20	64
Capture rates				
1 bedroom	8.9%	5.1%	3.3%	7.3%
2 bedroom	11.8%	7.7%	4.2%	9.8%
3 bedroom	14.9%	10.6%	5.2%	12.6%
Total	11.8%	7.7%	4.2%	9.8%

¹ Excluding overlap

Source: John Wall and Associates

CAPTURE RATES

Given the calculated need, the proposed 64-unit development amounts to 9.8 percent of the total net need. The capture rate for the 26 units at 50 percent is 11.8 percent, that for the 18 units at 60 percent of the median is 7.7 percent, and that for the 20 market rate units is 4.2 percent. The capture rates, by bedroom, are determined to be 7.3 percent for the 12 one-bedroom units, 9.8 percent for the 32 two-bedroom units, and 12.6 percent for the 20 three-bedroom units. These various capture rates suggest that the project is feasible based on DCA criteria.

ABSORPTION RATES

Our review of the capture rates for the proposed development suggest that the project is realistic, as proposed. Thus, in our opinion, the size of the project, the site location, and capture rates suggest that the project could expect to rent-up over a 120 day period, or so* (given that the project is presumed to be placed in-service in the second quarter of the year - which is advantageous).

* assuming a sustained, achievable, occupancy level of 93 percent.

SUPPLY ANALYSIS (COMPARABLE RENTAL DEVELOPMENTS)

There are few apartment complexes located in the Jefferson area. These complexes have been identified and surveyed, and where useful information was made available to us this is presented below.

Four properties were identified - two small privately-owned market rate properties and two USDA/Rural Development Section 515 Rural Rental Housing complexes. (Additionally, there are a total of 90 units of public housing administered by the Jefferson Housing Authority - 38 one-bedroom units, 22 two-bedroom units, 24 three-bedroom units, and six four bedroom units).

The two USDA properties are the Jefferson Heights and the Heritage Heights apartments. The Jefferson Heights property comprises 24 units, developed in 1984. Here, all 24 units are rent-assisted. Based in information provided by the appropriate USDA office, all units are occupied and remain so on an ongoing basis. The Heritage Heights project was built in 1998, and offers 44 units - again, all are reported to be rent-assisted. Information from the USDA suggest that at present, three units are vacant - with a typical occupancy rate of around 94 percent.

The two small privately-owned market rate properties are the Curry Crossing and the Riverwalk apartments. These complexes are owned and managed by a local construction company. Both complexes offer two-bedroom/one-bathroom units, and are quite basic in terms of both design and amenities. Curry Crossing was built in 1986 and has 24 units. Here, rent is \$525, per month. It is reported that as of the time of our survey, one unit was vacant. Riverwalk has 20 units - located on Highway 11 - not far from the site of the proposed development. Here, rents are \$575 per month (around \$0.58 per square foot). At present, one unit is reported to be vacant. Were the proposed development to be developed as proposed it is not unlikely that they would have a negative impact on these two properties, given their current rent levels and lack of amenities (compared with the proposed project).

Based on the above, there are no developments in the Jefferson market area which can be considered comparable to the proposed development. Thus, it is not possible to conduct a rent comparability analysis for market-rate and tax credit properties for this market. The closest potentially comparable properties are located in Commerce - in the eastern portion of Jackson County. The Heritage Hills apartments comprise a total of 80 tax-credit units, developed in 2000, and the Heritage Crossing apartments comprise 96 tax-credit and 24 market rate units, developed in 2002. The market rents at the latter are reported to be \$640, \$750, and \$830 (including water) for the one-, two-, and three-bedroom units there, respectively - which can be considered as an effective surrogate for market rents at the proposed development in Jefferson. The rents for the proposed development are higher than these values, which may result in a relatively slow absorption rate for these units.

No new potentially comparable project are under construction and/or planned and funded in this area.

Details of those complexes surveyed are summarized as follows:

Complex Name	Financing	Year Built	Total Units	Vacant Units	Occupancy (%)
Curry Crossing	Conventional	1986	24	1	95.8
Heritage Heights	USDA	1998	44	2	95.5
Jefferson Heights	USDA	1984	24	0	100
Riverwalk	Conventional	2003	20	1	95.0

		Number of Units									
Complex	Total	0 br	1 br/1 ba	2 br/1 ba	2 br/1½ ba	2 br/2 ba	2 br/2½ ba	3 br/1 ba	3 br/2 ba	3 br/3 ba	4 br
Curry Crossing	24			24							
Heritage Heights	44		10	34							
Jefferson Heights	24		8	16							
Riverwalk	20			20							

		Rent									
Complex	Total	0 br	1 br/1 ba	2 br/1 ba	2 br 1½ ba	2 br/2 ba	2 br 2½ ba	3 br/1 ba	3 br/2 ba	3 br/3 ba	4 br
Curry Crossing	24			\$525							
Heritage Heights	44		boi	boi							
Jefferson Heights	24		boi	boi							
Riverwalk	20			\$575							

		Square Feet									
Complex	Total	0 br	1 br/1 ba	2 br/1 ba	2 br/1½ ba	2 br/2 ba	2 br/2½ ba	3 br/1 ba	3 br/2 ba	3 br/3 ba	4 br
Curry Crossing	24			1,000							
Heritage Heights	44		N/A	N/A							
Jefferson Heights	24		N/A	N/A							
Riverwalk	20			1,000							

boi - based on income

		Rent/Sq. Ft.									
Complex	Total	0 br	1 br/1 ba	2 br/1 ba	2 br/1½ ba	2 br/2 ba	2 br/ 2½ ba	3 br/1 ba	3 br/2 ba	3 br/3 ba	4 br
Curry Crossing	24			\$0.53							
Heritage Heights	44		boi	boi							
Jefferson Heights	24		boi	boi							
Riverwalk	20			\$0.58							



Existing rental housing



Curry Crossing

Location: Border Street, Jefferson
Year built: 1986

Total units: 24
Typical occupancy: 99%

2 br/1 ba

Units: 24
Unit size (sq. ft.): 1,000
Rent: \$525
Rent/ sq. ft.: \$0.53
Vacant units: 1

Management: Hays Construction Company (Glenda - 706.367.9464 6/19)

Utilities in rent: Water ☐ Sewer ☐ Trash ☒ Heat ☐ Electricity ☐

Amenities: Club House ☐ Fitness center ☐ Pool ☐ Tennis ☐ Playground ☐ Business Center ☐
Security gate ☐ Garages () ☐ Carport ☐ Laundry ☐

Appliances: Refrigerator ☐ Range/oven ☐ Microwave ☐ Dishwasher ☐ Disposal ☐
Washer/Dryer ☐ Washer/Dryer Hook-up ☐

Unit features: Blinds ☐ Carpet ☐ AC ☐ Fireplaces () ☐ Patio/balconies ☐



Heritage Heights

Location: Heritage Ave., Jefferson
 Financing: USDA/RD \$515
 Year built: 1998

Total units: 44
 Rental assistance: 42
 Typical occupancy: 94%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	10	34
Unit size (sq. ft.):	N/A	N/A
Basic rent:	\$385	\$415
Market rent:	\$520	\$550
Vacant units:	2, overall	

Management: W.T. Lamb Investments (U.S.D.A. - Shirley Bailey - 706.546.2164 [fax] 6/22)

Utilities in rent: Water ☐ Sewer ☐ Trash ☐ Heat ☐ Electricity ☐

Amenities: Club House ☐ Fitness center ☐ Pool ☐ Tennis ☐ Playground ☐ Business Center ☐
 Security gate ☐ Garages () ☐ Carport ☐ Laundry ☐

Appliances: Refrigerator ☐ Range/oven ☐ Microwave ☐ Dishwasher ☐ Disposal ☐
 Washer/Dryer ☐ Washer/Dryer Hook-up ☐

Unit features: Blinds/Drapes ☐ Carpet ☐ AC ☐ Fireplaces () ☐ Patio/balconies ☐



Jefferson Heights

Location: 549 Danielsville St., Jefferson
 Financing: USDA/RD § 515
 Year built: 1984

Total units: 24
 Rental assistance: 24
 Typical occupancy: 100%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	8	16
Unit size (sq. ft.):	N/A	N/A
Basic rent:	\$320	\$345
Market rent:	\$493	\$567
Vacant units:	0	0

Management: W.T. Lamb Investments (U.S.D.A. - Shirley Bailey - 706.540.2164 [fax] 6/22)

Utilities in rent: Water ☐ Sewer ☐ Trash ☐ Heat ☐ Electricity ☐

Amenities: Club House ☐ Fitness center ☐ Pool ☐ Tennis ☐ Playground ☐ Business Center ☐
 Security gate ☐ Garages () ☐ Carport ☐ Laundry ☐

Appliances: Refrigerator ☐ Range/oven ☐ Microwave ☐ Dishwasher ☐ Disposal ☐
 Washer/Dryer ☐ Washer/Dryer Hook-up ☐

Unit features: Blinds/Drapes ☐ Carpet ☐ AC ☐ Fireplaces () ☐ Patio/balconies ☐



Riverwalk

Location: Highway 11, Jefferson

Total units: 20

Year built: 2003

Typical occupancy: 99%

2 br/1 ba

Units: 20
 Unit size (sq. ft.): 1,000
 Rent: \$575
 Rent/sq. ft.: \$0.58
 Vacant units: 1

Management: Hays Construction Company (Glenda - 706.367.9464 6/19)

Utilities in rent: Water ☐ Sewer ☐ Trash ☐ Heat ☐ Electricity ☐

Amenities: Club House ☐ Fitness center ☐ Pool ☐ Tennis ☐ Playground ☐ Business Center ☐
 Security gate ☐ Garages () ☐ Carport ☐ Laundry ☐

Appliances: Refrigerator ☒ Range/oven ☒ Microwave ☐ Dishwasher ☒ Disposal ☐
 Washer/Dryer ☐ Washer/Dryer Hook-up ☒

Unit features: Blinds/Drapes ☒ Carpet ☒ AC ☒ Fireplaces (\$) ☐ Patio/balconies ☐

INTERVIEWS

As part of the research for this market study, interviews were held with property managers, local government officials, and others with particular knowledge of the local housing market. Property managers of existing complexes and/or other representatives of management companies were a major source of information.

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages).

Glenda, a representative of the Hays Construction Company (who operate the two small private properties in the area), noted that a 64-unit tax credit should do well, as a lot of people are re-locating to the Jefferson area. She noted that it is important that any new property be well marketed, and offer three-bedroom units. She also commented that the area was more oriented to single-family/for sale housing rather than rental housing.

As noted in the report, there are no directly comparable tax credit projects in the immediate Jefferson area. The closest such properties are in Commerce. In our conversations with the managers at Heritage Crossings (706.335.2394) and Heritage Hills (706.335.9550) they noted that their projects were well-received, and that a tax credit project could work in Jefferson.

HUD Section 8 certificates for Jackson County are administered by the Northeast regional office of the Georgia DCA in Athens. Sharon, at that office (706.369.5637) notes that all certificates are being used, and that the waiting list is closed. Currently, any certificates that come available are allocated to persons who applied in 2001.

CONCLUSIONS AND RECOMMENDATIONS

It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed. Were the proposed development to be developed, it is not unlikely that they would have a negative impact on the two small market-rate properties in the area, given their current rent levels and lack of amenities. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the foregoing report and summarized in the Executive Summary.

Information provided by DCA included a full market study prepared for this project. This report used a market area which included all of Jackson County, and portions of Barrow County. This area included the larger and competing communities of Winder and Commerce. It is our opinion that a smaller, more focused market area, is considered more realistic for evaluating the marketability of the proposed development in Jefferson.

ANALYST QUALIFICATIONS

John Wall and Associates is a planning and economics consulting firm which provides real estate market analysis. The firm is an independent licensee of JWA, Incorporated. John Wall and Associates was established in Cary, North Carolina in June 1990. The firm has another office, located in Anderson, South Carolina.

The President of the Cary firm is T. Ronald Brown. He has 25 years experience in the provision of real estate market studies. Prior to establishing the Cary office of John Wall and Associates, Mr. Brown was Managing Associate of Stephens Associates in Raleigh for five years.

Mr. Brown holds an Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland.

Since June, 1990 the firm has produced more than 1,500 market studies, in more than 20 states. The firm has primary experience in market analysis for residential projects including both single-family homes and multi-family units (for sale and for rent). A significant proportion of the firm's business focuses on apartment market studies—for family renters and for elderly persons. These reports include conventionally financed projects (including HUD 221 (d) (4) projects), affordable housing (including tax credit financed projects) and subsidized housing.

Clients include for-profit developers, non-profit developers and community development corporations, state housing finance agencies, syndicators, and municipalities.

SIGNED STATEMENT

I affirm that I have made a physical inspection of the market area and site and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market appears to support the demand shown in the study. I understand that any misrepresentation of this statement may result in denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent upon the project being funded.



Market Analyst

Date: June 28 2007

GLOSSARY

The following presents the definitions of various terms typically found in real estate market studies. This information is drawn from various sources including HUD, the Census Bureau, and the Urban Land Institute.

Absorption rate - the amount of real estate (for example, apartment units) that will be leased (or sold) in a given period of time.

Affordable housing - housing that costs an owner or renter no more than 30 percent of his or her income.

Amenity - non-monetary tangible or intangible benefit offered to a leasee—typically recreational facilities or planned activities.

Assisted housing - housing where the monthly costs to the tenants are subsidized by federal or other programs.

Attached housing - two or more dwelling units connected with party walls (e.g. townhouses or flats).

Average stabilized occupancy - typical occupancy level after the initial rent-up period.

Based-on-income (BOI) - approach to determining housing costs in subsidized housing programs.

Below Market Interest Rate program (BMIR) - program targeted to lower income renters by limiting rents based on HUD income limits. Here, rent is not supplemented directly to a complex, but developers are eligible for below market interest rates on their mortgage loan.

Capture rate - proportion/percentage of total demand within a targeted market segment that a project can expect to attract.

Census tract - a small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features in some instances; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment, census tracts average about 4,000 inhabitants.

Central Business District (CBD) - the center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC) - entrepreneurial institution combining public and private resources to aid in the development of socioeconomically disadvantaged areas.

Comparable or comparable property - another property to which a subject property can be compared to reach an estimate of the subject property's market value or market rent.

Concession - discount given to a prospective tenant to induce him or her to sign a lease—typically in the form of free rent.

Condominium - a form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Detached housing - a freestanding dwelling unit, typically single-family, situated on its own lot.

Employment trends - changes in the number of persons in employment for a particular area over a specific period of time.

Extremely low income - household income below 30 percent of the local area median, as defined by HUD.

Fair Market Rents (FMR) - HUD's estimate of market rent for an apartment in the conventional marketplace.

Garden apartments - two- or three-story multifamily housing development that features low density, ample open-space around buildings, and on-site parking.

Group quarters (GQ) - the Census Bureau classifies all people not living in households as living in group quarters. There are two types of group quarters: institutional (for example, correctional facilities, nursing homes, and mental hospitals) and non-institutional (for example, college dormitories, military barracks, group homes, missions, and shelters).

High-rise - a tall building, usually having more than ten stories in apartment buildings.

Household - a household includes all the people who occupy a housing unit as their usual place of residence.

Household trends - changes in the number of households for a particular area over a specific period of time—which is a function of new household formations (e.g. at marriage or separation), and decreasing average household size.

Housing Finance Agency (HFA) - state agency responsible for financing housing and administering assisted housing programs.

HUD Section 8 program - program administered by HUD and targeted to low- and very-low income families who pay the higher of either 30 percent of their adjusted income or 10 percent of their gross income on rent. Many HUD § 8 apartments are reserved for the elderly, and a small portion are specially designed for the mobility impaired.

HUD Section 202 program - units designed for elderly or disabled low- and very-low income persons. Developed by non-profit entity.

HUD Section 236 program - program targeted to lower-income families who pay a set basic rent, or 30 percent of their adjusted income on rent, whichever is higher (but no exceeding the market rent).

Infrastructure - services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure can include public and private facilities.

Low income - as applied to most housing programs, household income below 80 percent of the local area median income, as defined by HUD.

Low rise - a building with one to three stories.

Market analysis - the synthesis of supply and demand analysis in a particular market.

Market area - the geographical region from which the majority of demand and the majority of competitors are drawn is considered the market area, or primary market area. A secondary market may be that area beyond the primary market area from which a certain amount of demand and competition may be drawn.

Market vacancy rate - proportion/percentage of apartment units in any market which are unoccupied.

Metropolitan statistical area (MSA) - a geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

Mid-rise - a building with four to nine stories.

Multi-family housing - structures that contain more than five housing units.

Neighborhood - a segment of a city or town with common features that distinguish it from adjoining areas.

Public Housing or Low Income Conventional Public Housing - HUD program administered by local (or regional) Housing Authorities which serve low- and very-low income households with rent based on the same formula used for HUD Section 8 assistance.

Population trends - changes in population levels for a particular area over a specific period of time—which is a function of the level of births, deaths, and net migration.

Reasonable marketing and management - professional program to acquaint potential tenants with a particular product and retaining them after their agreement to rent.

Redevelopment - the redesign or rehabilitation of existing properties.

Rent overburden - circumstances where renters devote more than 30 percent of their income to housing costs.

Rental housing demand - demand for rental housing--which may be derived from population and household growth and demand from existing rental households who would consider moving to any proposed development.

Single-family housing - a dwelling unit, either attached or detached, designed for use by one household and with direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

Special needs population - specific market niche which is typically not catered to in a conventional complex. This population should exhibit certain criteria which can be well-defined and are reasonably quantifiable, in order, for example, to assess the need and demand from this source.

State data center (SDC) - a state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of census data.

Subsidy - below market rent charged to a tenant (usually in an income group below a specified threshold) that is a function of a particular financing program.

Substandard conditions - housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities or overcrowded conditions (more than one person per room, on average).

Target population - market niche a development will appeal to or cater to.

Tenant - one who rents from another.

Tenure - refers to the distinction between owner-occupied and renter-occupied housing units.

Townhouses - single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called a rowhouse.

USDA/Rural Development (RD) program - formerly the Farmers Home Administration Section 515 rural rental housing program. Here, low interest (1 percent) loans are made to owners to reduce rents (including utilities) paid by low-income tenants. The program serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, whichever is the higher (but not exceeding the market rent). In many cases project-based rental assistance is available and very low income tenants pay 30 percent of their adjusted income on rent and utilities.

Very low income - household income below 50 percent of the local area median, as defined by HUD.

Zoning - classification and regulation of land by local governments according to use categories (zones); often also includes density designations.

MARKET ANALYST CERTIFICATION AND CHECKLIST

I understand that by initializing (or checking) the following items, I am stating those items are included and/or addressed in the report. If an item is not checked, a full explanation is included in the report.

The report was written according to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

I also certify that I have inspected the subject property as well as all rent comparables.

Signed:



Date: June 28, 2007

A. Executive Summary

Market demand for subject property given the economic conditions of the area	Page	2
Projected Stabilized Occupancy Level and Timeframe	Page	2
Appropriateness of unit mix, rent and unit sizes	Page	2
Appropriateness of interior and exterior amenities including appliances	Page	2
Location and distance of subject property in relationship to local amenities	Page	2
Discussion of capture rates in relationship to subject	Page	2
Conclusion regarding the strength of the market for subject	Page	2

B. Project Description

Project address, legal description and location	Page	5
Number of units by unit type	Page	5
Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc)	Page	5
Rents and Utility Allowance	Page	5
Existing or proposed project based rental assistance	Page	5
Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.)	Page	6
For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property	Page	n/a
Projected placed in service date	Page	6
Construction type: New Construction/Rehab/Adaptive Reuse, etc.	Page	5
Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs.	Page	n/a
Special Population Target (if applicable)	Page	n/a

C. Site Evaluation

Date of Inspection of Subject Property by Market Analyst	Page	7
Physical features of Subject Property and Adjacent Uses	Page	7
Subject Photographs (front, rear, and side elevations as well as street scenes)	Page	8
Map identifying location of subject as well as closest shopping centers, schools, medical facilities and other amenities relative to subject	Page	7
Developments in vicinity to subject and proximity in miles (Identify developments surrounding the subject on all sides)	Page	7
Map identifying existing low-income housing within the Primary Market Area and proximity in miles to subject	Page	9
Road or infrastructure improvements planned or under construction in the PMA	Page	n/a
Comment on access, ingress/egress and visibility of subject	Page	10
Any visible environmental or other concerns	Page	10
Overall conclusions of site and their marketability	Page	10

D. Market Area

Map identifying Subject's Location within PMA	Page	13
Map identifying Subject's Location within SMA, if applicable	Page	n/a

E. Community Demographic Data

Data on Population and Households Five (<i>three</i>) Years Prior to Market Entry, and Projected Five Years Post-Market Entry.	Page	14-17
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1. Population Trends

a. Total Population	Page	14
b. Population by Age Group	Page	16
c. Number of elderly and non-elderly (for elderly projects)	Page	n/a
d. If a special needs is proposed, additional information for this segment	Page	n/a

2. Household Trends**Elderly by tenure, if applicable**

a. Total number of households and average household size	Page	17
b. Households by tenure (number of owner and renter households)	Page	18
c. Households by Income (Elderly, if applicable, should be allocated separately)	Page	20
d. Renter households by number of persons in the household	Page	19

3. Employment Trends

a. Employment by industry— numbers and percentages	Page	23
a. Major employers, product or service, total employees, anticipated expansions, contractions in work forces, as well as newly planned employers and impact on employment in the PMA	Page	25
c. Unemployment trends for the PMA and, where possible, the county total workforce for unemployment trends for the last two to four years.	Page	27
d. Map of the site and location of major employment concentrations.	Page	26
e. Overall conclusions	Page	27

F. Project Specific Demand Analysis

Income Restrictions - uses applicable incomes and rents in the development's tax application.	Page	28
Affordability - Delineation of Income Bands *	Page	32
Comparison of market rates of competing properties with proposed subject market rent	Page	41
Comparison of market rates of competing properties with proposed LIHTC rents	Page	41
Demand Analysis Using Projected Service Date (within 2 years)	Page	28-38
a. New Households Using Growth Rates from Reputable Source	Page	34
b. Demand from Existing Households	Page	34
c. Elderly Households Converting to Rentership (applicable only to elderly))	Page	n/a
d. Elderly Households Relocating to the Market (applicable only to elderly)	Page	n/a
e. Deduction of Supply of "Comparable Units"	Page	36
f. Capture Rates for Each Bedroom Type	Page	37
g. Anticipated Absorption period for the property	Page	38

G. Supply Analysis

Comparative chart of subject amenities and competing properties	Page	40-42
Supply & analysis of competing developments under construction & pending	Page	36
Comparison of competing developments (occupancy, unit mix and rents)	Page	36
Rent Comparable Map (showing subject and comparables)	Page	43
Rental Assisted Projects in PMA *	Page	n/a
Multi-Family Building Permits issued in PMA in last two years	Page	22

* PHA properties are not considered comparable with LIHTC units

H. Interviews

Names, Title, and Telephone # of Individuals Interviewed Page 48

I. Conclusions and Recommendations

Conclusion as to Impact of Subject on PMA Page 49

Recommendation as to Subject's Viability in PMA Page 49

J. Signed Statement

Signed Statement from Analyst Page 51

K. Comparison of Competing Properties

Separate Letter addressing addition of more than one competing property